

**Second Regular Session
Sixty-sixth General Assembly
STATE OF COLORADO**

BILL A

LLS NO. 08-0286.03 Ed DeCecco

HOUSE BILL

HOUSE SPONSORSHIP

Curry,

SENATE SPONSORSHIP

Penry,

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE DISTRIBUTION TO LOCAL GOVERNMENTS OF STATE**
102 **REVENUES DERIVED FROM MINERAL EXTRACTION WITHIN THE**
103 **STATE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee to Study the Allocation of Severance Tax and Federal Mineral Lease Revenues. Removes inconsistent cross-references from the statute that distributes the moneys in the mineral leasing fund.

Requires the executive director of the department of local affairs to consider the economic needs of a political subdivision for purposes of

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

making a grant from the local government severance tax fund.

With respect to the current employee-based direct distribution of the moneys in the local government severance tax fund to counties and municipalities, requires the department of local affairs to allocate the moneys on a county by county basis based on the proportion of severance-related employees, mining and well permits issued, and overall mineral production in each county. Requires the executive director to establish guidelines that set forth the weight that each of the factors shall be given; except that no factor shall be weighted less than 25%. Requires the moneys allocated to each county to be further distributed to each municipality within the county and to the county itself based on their respective shares of the total number of severance-related employees residing in the county. Requires the executive director to prepare biennial reports for specified legislative committees about the effectiveness of the factors in allocating moneys to impacted counties and any proposed changes to the allocation. Requires the current employee-based distribution from the mineral leasing fund to counties and municipalities to be made in the same manner as the new distribution method for local government severance tax fund moneys.

Makes the following changes to the employee residence reporting process used in part to calculate the distribution payments to local governments from the local government severance tax fund:

- Requires the report to be filed with the department of local affairs instead of the department of revenue.
- Requires certain parties that register exempt production, withhold income, or file a specified severance tax declaration to file a report instead of every producer.
- Eliminates the requirement that a form be sent to every producer 90 days prior to the end of each fiscal year.
- Authorizes the department of local affairs to establish the format of the report.
- Eliminates the discretion to vary the form of the report.
- Repeals the definitions of "producer of crude oil, natural gas, or oil and gas" and "related facility".
- Modifies the definition of "employee of a crude oil, natural gas, or oil and gas operation".
- Establishes the procedures and consequences for a party that fails to file a report.
- Relocates provisions.

Modifies the composition of the energy impact assistance advisory committee by adding the executive director of the department of public health and environment and 2 residents of areas impacted by energy conversion or mineral resource development. Requires senate consent for the governor's appointments to the committee. Requires the committee to make recommendations to the executive director of the department of

local affairs regarding the distribution of moneys from the local government severance tax fund. Requires the committee to make recommendations to the executive director about actions deemed necessary to assist impacted areas. Requires the committee's recommendations regarding discretionary distributions made by the executive director to reflect existing priorities for impacted communities.

Requires the executive director of the department of local affairs to deliver to the state auditor a detailed accounting of the distributions from the mineral leasing fund and the local government severance tax fund.

Makes conforming amendments.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 34-63-102 (3) (b), (5) (b) (I), and (5) (c), Colorado
3 Revised Statutes, are amended to read:

4 **34-63-102. Creation of mineral leasing fund - distribution -**
5 **advisory committee.** (3) (b) (I) Any balance of said fifty percent
6 remaining after ~~payment to the several counties~~ PAYMENTS as provided
7 in paragraph (a) of this subsection (3) shall be paid by the state treasurer,
8 on or before the last day of December of each year, into the state public
9 school fund and used for the support of the public schools.

10 (II) ~~Commencing January 1, 1983, one-half of any balance of said~~
11 ~~fifty percent in excess of ten million one hundred thousand dollars~~
12 ONE-HALF OF ANY BALANCE OF SAID FIFTY PERCENT REMAINING AFTER
13 PAYMENTS PROVIDED IN PARAGRAPH (a) OF THIS SUBSECTION (3) shall be
14 paid by the state treasurer, on or before the last day of December of each
15 year, into the local government mineral impact fund and used in
16 accordance with the purposes described in subsection (1) of this section.

17 (III) An amount equal to twenty-five percent of the balance paid
18 to the local government mineral impact fund pursuant to subparagraph
19 (II) of this paragraph (b) shall be distributed annually to ~~each county, in~~

1 ~~whose unincorporated area employees of a mine or related facility from~~
2 ~~which such money is derived reside, in the same proportion that the~~
3 ~~number of such employees bears to the total number of employees of such~~
4 ~~mines and related facilities who reside in the state and to each~~
5 ~~municipality, in which employees of such facilities reside, in the same~~
6 ~~proportion that the number thereof bears to the total number of employees~~
7 ~~of such mines and related facilities who reside in the state~~ COUNTIES AND
8 MUNICIPALITIES IN THE SAME MANNER AS SET FORTH IN SECTION
9 39-29-110 (1) (c), C.R.S.

10 (IV) Repealed.

11 (5) (b) (I) There is hereby created within the department of local
12 affairs an energy impact assistance advisory committee. The committee
13 shall be composed of the executive director of the department of local
14 affairs, the executive director of the department of natural resources, the
15 commissioner of education, THE EXECUTIVE DIRECTOR OF THE
16 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT, the executive
17 director of the department of transportation, and ~~five~~ SEVEN residents of
18 areas impacted by energy conversion or mineral resource development.
19 The ~~five~~ SEVEN residents shall be appointed by the governor, WITH THE
20 CONSENT OF THE SENATE, for terms not exceeding four years to serve at
21 the pleasure of the governor. The executive director of the department of
22 local affairs shall act as ~~chairman~~ CHAIRPERSON of the committee.
23 Members of the committee shall serve without additional compensation;
24 except that the ~~five~~ SEVEN members APPOINTED from energy impact areas
25 shall be entitled to reimbursement for actual and necessary expenses.
26 Any member of the committee who is a state official may designate
27 representatives of his OR HER agency to serve on the committee in his OR

1 HER absence. The ~~chairman~~ CHAIRPERSON shall convene the advisory
2 committee from time to time as he OR SHE deems necessary. ~~Such~~ THE
3 advisory committee shall continuously review the existing and potential
4 impact of the development, processing, or energy conversion of mineral
5 and fuel resources on various areas of the state, including those areas
6 indirectly affected, and shall make continuing recommendations to the
7 department of local affairs, including, but not limited to, those actions
8 deemed ~~reasonably~~ necessary ~~and practicable~~ to assist impacted areas
9 with the problems occasioned by such development, processing, or energy
10 conversion, the immediate and projected problems which the local
11 governments are experiencing in providing governmental services, the
12 extent of local tax resources available to each unit of local government,
13 the extent of local tax effort in solving energy impacted problems, and
14 other problems which the areas have experienced, such as housing and
15 environmental considerations, which have developed as a direct result of
16 energy impact. IN FURTHERANCE THEREOF, THE COMMITTEE SHALL MAKE
17 CONTINUING SPECIFIC RECOMMENDATIONS REGARDING ANY
18 DISCRETIONARY DISTRIBUTIONS BY THE EXECUTIVE DIRECTOR OF THE
19 DEPARTMENT OF LOCAL AFFAIRS AUTHORIZED PURSUANT TO THIS SECTION
20 AND SECTION 39-29-110, C.R.S. WITH RESPECT TO RECOMMENDATIONS
21 FOR THE DISTRIBUTION OF MONEYS MADE PURSUANT TO THIS SECTION, THE
22 COMMITTEE SHALL GIVE PRIORITY TO THOSE PUBLIC SCHOOLS AND
23 POLITICAL SUBDIVISIONS SOCIALLY OR ECONOMICALLY IMPACTED BY THE
24 DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION OF FUELS AND
25 MINERALS LEASED UNDER THE FEDERAL "MINERAL LANDS LEASING ACT"
26 OF FEBRUARY 25, 1920, AS AMENDED. WITH RESPECT TO
27 RECOMMENDATIONS FOR THE DISTRIBUTION OF MONEYS MADE PURSUANT

1 TO SECTION 39-29-110, C.R.S., THE COMMITTEE SHALL RECOMMEND
2 DISTRIBUTIONS TO THOSE POLITICAL SUBDIVISIONS SOCIALLY OR
3 ECONOMICALLY IMPACTED BY THE DEVELOPMENT, PROCESSING, OR
4 ENERGY CONVERSION OF MINERALS AND MINERAL FUELS SUBJECT TO
5 TAXATION UNDER ARTICLE 29 OF TITLE 39, C.R.S.

6 (c) The executive director of the department of local affairs shall
7 DELIVER TO THE STATE AUDITOR AND file with the general assembly
8 annually before February 1 a detailed accounting of the distribution of
9 funds for the previous year.

10 **SECTION 2.** The introductory portion to 39-29-103 (1), Colorado
11 Revised Statutes, is amended to read:

12 **39-29-103. Tax on severance of metallic minerals.** (1) In
13 addition to any other tax, there shall be levied, collected, and paid for
14 each taxable year a tax upon the severance from the earth in this state of
15 all metallic minerals as to all such severance occurring on and after
16 January 1, 1978. Such tax shall be levied against every mining operation
17 engaged in the severance of metallic minerals and shall be based upon the
18 gross income of such mining operation. ~~Nothing in this subsection (1)~~
19 ~~shall exempt a company from submitting a production employee report~~
20 ~~as required by section 39-29-110 (1) (d) (I).~~ The rate of the tax for all
21 metallic minerals shall be as follows:

22 **SECTION 3.** 39-29-104 (1), Colorado Revised Statutes, is
23 amended to read:

24 **39-29-104. Tax on severance of molybdenum ore.** (1) In
25 addition to any other tax, there shall be levied, collected, and paid for
26 each calendar quarter a tax upon the severance of all molybdenum ore in
27 this state. Such tax shall be levied against every person engaged in the

1 severance of molybdenum ore. The rate of the tax for each calendar
2 quarter shall be five cents per ton of molybdenum ore. On and after July
3 1, 1999, no tax provided for in this section shall be imposed on the first
4 six hundred twenty-five thousand tons of molybdenum ore produced each
5 quarter of the taxable year. ~~However, nothing in this subsection (1) shall~~
6 ~~exempt a company from submitting a production employee report as~~
7 ~~required by section 39-29-110 (1) (d) (f).~~

8 **SECTION 4.** 39-29-105 (1) (b), Colorado Revised Statutes, is
9 amended to read:

10 **39-29-105. Tax on severance of oil and gas.** (1) (b) In addition
11 to any other tax, there shall be levied, collected, and paid for each taxable
12 year commencing on or after January 1, 2000, a tax upon the gross
13 income attributable to the sale of oil and gas severed from the earth in this
14 state; except that oil produced from any wells that produce fifteen barrels
15 per day or less of oil and gas produced from wells that produce ninety
16 thousand cubic feet or less of gas per day for the average of all producing
17 days for such oil or gas production during the taxable year shall be
18 exempt from the tax. ~~Nothing in this paragraph (b) shall exempt a~~
19 ~~producer of oil and gas from submitting a production employee report as~~
20 ~~required by section 39-29-110 (1) (d) (f).~~ The tax for oil and gas shall be
21 at the following rates of the gross income:

22	Under \$25,000	2%
23	\$25,000 and under \$100,000	3%
24	\$100,000 and under \$300,000	4%
25	\$300,000 and over	5%

26 **SECTION 5.** 39-29-106 (2) (b), Colorado Revised Statutes, is
27 amended to read:

1 **39-29-106. Tax on the severance of coal.** (2) (b) On and after
2 July 1, 1999, no tax provided for in subsection (1) of this section shall be
3 imposed on the first three hundred thousand tons of coal produced in each
4 quarter of the taxable year. ~~However, nothing in this paragraph (b) shall~~
5 ~~exempt a company from submitting a production employee report as~~
6 ~~required by section 39-29-110 (1) (d) (I).~~

7 **SECTION 6.** 39-29-110 (1) (b) (I), (1) (c), (1) (c.5), (1) (d), (1)
8 (e), (1) (f), and (3), Colorado Revised Statutes, are amended, and the said
9 39-29-110 is further amended BY THE ADDITION OF A NEW
10 SUBSECTION, to read:

11 **39-29-110. Local government severance tax fund - creation -**
12 **administration - definitions.** (1) (b) (I) ~~Except as otherwise provided~~
13 ~~in paragraph (c.5) of this subsection (1), eighty-five~~ SEVENTY percent of
14 the funds from the local government severance tax fund shall be
15 distributed to those political subdivisions socially or economically
16 impacted by the development, processing, or energy conversion of
17 minerals and mineral fuels subject to taxation under this article and used
18 for the planning, construction, and maintenance of public facilities and
19 for the provision of public services. Such funds shall also be distributed
20 to political subdivisions to compensate them for loss of property tax
21 revenue resulting from the deduction of severance taxes paid in the
22 determination of the valuation for assessment of producing mines. THE
23 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF LOCAL AFFAIRS SHALL
24 CONSIDER THE ECONOMIC NEEDS OF A POLITICAL SUBDIVISION FOR
25 PURPOSES OF MAKING DISTRIBUTIONS PURSUANT TO THIS SUBPARAGRAPH
26 (I).

27 (c) (I) ~~Except as otherwise provided in paragraph (c.5) of this~~

1 ~~subsection (1),~~ An amount equal to ~~fifteen~~ THIRTY percent of said gross
2 receipts credited to the LOCAL GOVERNMENT SEVERANCE TAX fund shall
3 ~~be distributed~~ ALLOCATED to counties ~~or municipalities on the basis of the~~
4 ~~proportion of employees of the mine or related facility or crude oil,~~
5 ~~natural gas, or oil and gas operation who reside in any such county's~~
6 ~~unincorporated area or in any such municipality to the total number of~~
7 ~~employees of the mine or related facility or crude oil, natural gas, or oil~~
8 ~~and gas operation. Such distribution shall be made on the basis of the~~
9 ~~report required in paragraph (d) of this subsection (1)~~ BASED UPON THE
10 FOLLOWING FACTORS:

11 (A) ON THE BASIS OF THE REPORT REQUIRED IN PARAGRAPH (d) OF
12 THIS SUBSECTION (1), THE PROPORTION OF EMPLOYEES OF MINES OR
13 RELATED FACILITIES OR CRUDE OIL, NATURAL GAS, OR OIL AND GAS
14 OPERATIONS WHO RESIDE IN A COUNTY TO THE TOTAL NUMBER OF
15 EMPLOYEES OF MINES OR RELATED FACILITIES OR CRUDE OIL, NATURAL
16 GAS, OR OIL AND GAS OPERATIONS WHO RESIDE IN THE STATE;

17 (B) THE PROPORTION OF THE MINE AND WELL PERMITS ISSUED IN
18 A COUNTY TO THE TOTAL NUMBER OF SUCH PERMITS ISSUED IN THE STATE;
19 AND

20 (C) THE PROPORTION OF THE OVERALL QUANTITY OF MINERAL
21 PRODUCTION WITHIN A COUNTY TO THE TOTAL OVERALL QUANTITY OF
22 PRODUCTION WITHIN THE STATE.

23 (II) THE MONEYS ALLOCATED TO EACH COUNTY PURSUANT TO
24 SUBPARAGRAPH (I) OF THIS PARAGRAPH (c) SHALL BE FURTHER
25 DISTRIBUTED TO THE COUNTY AND TO EACH MUNICIPALITY WITHIN THE
26 COUNTY ON THE BASIS OF THE PROPORTION OF EMPLOYEES REPORTED AS
27 RESIDENTS UNDER PARAGRAPH (d) OF THIS SUBSECTION (1) IN ANY SUCH

1 COUNTY'S UNINCORPORATED AREA OR IN ANY SUCH MUNICIPALITY WITHIN
2 THE COUNTY TO THE TOTAL NUMBER OF EMPLOYEES REPORTED AS
3 RESIDENTS IN THE COUNTY AS A WHOLE UNDER PARAGRAPH (d) OF THIS
4 SUBSECTION (1).

5 (III) WITH RESPECT TO THE ALLOCATION MADE PURSUANT TO
6 SUBPARAGRAPH (I) OF THIS PARAGRAPH (c), THE EXECUTIVE DIRECTOR OF
7 THE DEPARTMENT OF LOCAL AFFAIRS SHALL:

8 (A) ESTABLISH GUIDELINES THAT SET FORTH THE WEIGHT THAT
9 EACH OF THE FACTORS IN SUB-SUBPARAGRAPHS (A) TO (C) OF
10 SUBPARAGRAPH (I) OF THIS PARAGRAPH (c) SHALL BE GIVEN; EXCEPT THAT
11 NO FACTOR SHALL BE WEIGHTED LESS THAN TWENTY-FIVE PERCENT; AND

12 (B) ON OR BEFORE JANUARY 1, 2010, AND EVERY SECOND
13 JANUARY 1 THEREAFTER, SUBMIT TO THE AGRICULTURE, LIVESTOCK, AND
14 NATURAL RESOURCES COMMITTEE AND THE LOCAL GOVERNMENT
15 COMMITTEE OF THE HOUSE OF REPRESENTATIVES, AND THE AGRICULTURE,
16 NATURAL RESOURCES, AND ENERGY COMMITTEE AND THE LOCAL
17 GOVERNMENT COMMITTEE OF THE SENATE, OR ANY SUCCESSOR
18 COMMITTEES, A REPORT THAT EVALUATES THE EFFECTIVENESS OF THE
19 FACTORS IN ALLOCATING MONEYS TO COUNTIES IMPACTED BY THE
20 DEVELOPMENT, PROCESSING, OR ENERGY CONVERSION OF MINERALS AND
21 MINERAL FUELS SUBJECT TO TAXATION UNDER THIS ARTICLE AND, IF
22 APPROPRIATE, THAT PROPOSES CHANGES TO THE ALLOCATION. THE
23 PROVISIONS OF SECTION 24-1-136 (11) (a) (I), C.R.S., SHALL NOT APPLY
24 TO THE REPORT.

25 (IV) MONEYS DISTRIBUTED FROM THE LOCAL GOVERNMENT
26 SEVERANCE TAX FUND PURSUANT TO THIS PARAGRAPH (c) SHALL BE
27 DISTRIBUTED NO LATER THAN AUGUST 31 OF EACH YEAR. COUNTIES AND

1 MUNICIPALITIES SHALL UTILIZE REVENUES RECEIVED UNDER THIS
2 SUBSECTION (1) ONLY FOR THE PURPOSES OF CAPITAL EXPENSES AND
3 GENERAL OPERATING EXPENSES.

4 ~~(c.5) For any state fiscal year commencing on or after July 1,~~
5 ~~2007, state severance tax receipts credited to the local government~~
6 ~~severance tax fund shall be distributed as follows:~~

7 ~~(I) Seventy percent of the receipts and income shall be distributed~~
8 ~~to political subdivisions in the manner specified in paragraph (b) of this~~
9 ~~subsection (1); and~~

10 ~~(H) Thirty percent of the receipts and income shall be distributed~~
11 ~~or loaned to counties or municipalities in the manner specified in~~
12 ~~paragraph (c) of this subsection (1).~~

13 (d) (I) (A) Ninety days prior to the end of each fiscal year, FOR
14 EACH TAXABLE YEAR TO WHICH THIS SUB-SUBPARAGRAPH (A) APPLIES, the
15 executive director of the department of revenue shall send every producer
16 who is subject to the severance tax and whose payment is subject to the
17 distribution formula provided in this subsection (1) a form on which the
18 producer shall submit a report to the department of revenue indicating the
19 following: The name and address of the producer, the name of the mine,
20 related facility, or operation, the names of the municipalities or counties
21 in which its employees maintain their actual residences as given by the
22 employees, giving the number of employees for each such municipality
23 or unincorporated area of each such county, and the total number of
24 employees of the mine or related facility or crude oil, natural gas, or oil
25 and gas operation. The producer may use and submit any other report
26 form in lieu of the state form sent by the executive director of the
27 department of revenue that contains the same information as prescribed

1 in the state form. The report shall be due April 30 of each year. The
2 executive director of the department of revenue shall submit a copy of the
3 report required by this paragraph (d) to the executive director of the
4 department of local affairs. In the case of failure of any producer to
5 submit the report on or before the date required by this paragraph (d) to
6 the department of revenue, a written notice shall be sent to the producer
7 by the department of revenue by first-class mail as set forth in section
8 39-21-105.5 stating that the producer has failed to submit a copy of the
9 report required by this paragraph (d) and informing the producer of the
10 penalty provision contained in this paragraph (d). If the producer fails
11 within forty-five days after receipt of the written notice to submit the
12 required report, there shall be levied and collected a penalty for the failure
13 in the amount of fifty dollars for each day, or portion thereof, during
14 which the failure continues. Any moneys and interest collected under this
15 paragraph (d) shall be added to the fifteen percent of gross receipts from
16 the local government severance tax fund and distributed to counties or
17 municipalities in the manner prescribed by paragraph (c) of this
18 subsection (1). Moneys distributed from the local government severance
19 tax fund pursuant to paragraph (c) of this subsection (1) shall be
20 distributed no later than August 31 of each year. Any producer not liable
21 for severance tax under this section shall not be required to submit a
22 report under this subsection (1). THIS SUB-SUBPARAGRAPH (A) SHALL
23 APPLY TO ANY REPORT FOR A TAXABLE YEAR COMMENCING PRIOR TO
24 JANUARY 1, 2008.

25 (B) EVERY PARTY THAT REGISTERS EXEMPT PRODUCTION WITH
26 THE DEPARTMENT OF REVENUE, WITHHOLDS INCOME PURSUANT TO
27 SECTION 39-29-111 (1), OR FILES A DECLARATION PURSUANT TO SECTION

1 39-29-112 (2) SHALL SUBMIT A REPORT TO THE DEPARTMENT OF LOCAL
2 AFFAIRS IN A FORMAT SPECIFIED BY THE EXECUTIVE DIRECTOR OF THE
3 DEPARTMENT INDICATING THE FOLLOWING: THE NAME AND ADDRESS OF
4 THE PARTY; THE NAME OF THE MINE, RELATED FACILITY, OR OPERATION;
5 THE NAMES OF THE MUNICIPALITIES OR COUNTIES IN WHICH THE PARTY'S
6 EMPLOYEES MAINTAIN THEIR ACTUAL RESIDENCES AS GIVEN BY THE
7 EMPLOYEES, GIVING THE NUMBER OF THE EMPLOYEES FOR EACH SUCH
8 MUNICIPALITY OR UNINCORPORATED AREA OF EACH SUCH COUNTY; AND
9 THE TOTAL NUMBER OF THE EMPLOYEES OF THE MINE OR RELATED
10 FACILITY OR CRUDE OIL, NATURAL GAS, OR OIL AND GAS OPERATION. THE
11 REPORT SHALL BE DUE APRIL 30 OF EACH YEAR. THIS SUB-SUBPARAGRAPH
12 (B) SHALL APPLY TO ANY REPORT FOR A TAXABLE YEAR COMMENCING ON
13 OR AFTER JANUARY 1, 2008.

14 (II) (A) ~~For purposes of this subsection (1), a "producer of crude~~
15 ~~oil, natural gas, or oil and gas" means any person who files a crude oil,~~
16 ~~natural gas, or oil and gas production report with the oil and gas~~
17 ~~conservation commission pursuant to article 60 of title 34, C.R.S. A~~
18 ~~producer shall include a producer-operator or a unit operator. A list of~~
19 ~~such producers, together with their addresses, who operated in the state~~
20 ~~during the previous calendar year shall be furnished to the department of~~
21 ~~revenue by said oil and gas conservation commission no later than~~
22 ~~January 31 of each year.~~

23 (B) For purposes of this paragraph (d), an "employee of a crude
24 oil, natural gas, or oil and gas operation" means any individual who is
25 employed and compensated ~~on a full-time basis by the producer of crude~~
26 ~~oil, natural gas, or oil and gas, as defined in sub-subparagraph (A) of this~~
27 ~~subparagraph (H) FOR AT LEAST FIVE HUNDRED HOURS OF WORK IN THE~~

1 SIX MONTHS PRIOR TO DECEMBER 31 OF THE REPORTING YEAR BY A
2 PRODUCER, INTEREST OWNER, OR PARTY WHO CONTRACTS WITH A
3 PRODUCER OR INTEREST OWNER for the purposes of extracting such crude
4 oil, natural gas, or oil and gas out of the ground and at point of first sale.
5 ~~Such employee may include any individual who is employed by any~~
6 ~~company or person who contracts with such producer for purposes of~~
7 ~~extracting such crude oil, natural gas, or oil and gas out of the ground and~~
8 ~~at point of first sale. "Individual who is employed on a full-time basis"~~
9 ~~means an employee who has worked for the producer or contractor during~~
10 ~~the six-month period next preceding the last day of the annual reporting~~
11 ~~period. "Employee" does not mean any employee of any exploration or~~
12 ~~drilling crew, any employee of any well service company, or any other~~
13 ~~contractor or person who may work in any such operation on a periodic~~
14 ~~or temporary basis and who is employed by companies or entities other~~
15 ~~than the producer.~~

16 (C) IN THE CASE OF FAILURE OF ANY PARTY TO SUBMIT THE REPORT
17 REQUIRED PURSUANT TO SUB-SUBPARAGRAPH (B) OF SUBPARAGRAPH (I)
18 OF THIS PARAGRAPH (d) ON OR BEFORE THE REQUIRED DATE TO THE
19 DEPARTMENT OF LOCAL AFFAIRS, A WRITTEN NOTICE SHALL BE SENT TO
20 THE PARTY BY THE DEPARTMENT BY FIRST-CLASS MAIL STATING THAT THE
21 PARTY HAS FAILED TO SUBMIT A COPY OF THE REPORT REQUIRED BY THIS
22 SUB-SUBPARAGRAPH (C) AND INFORMING THE PARTY OF THE PENALTY
23 PROVISION CONTAINED IN THIS SUB-SUBPARAGRAPH (C). IF THE PARTY
24 FAILS WITHIN FORTY-FIVE DAYS AFTER RECEIPT OF THE WRITTEN NOTICE
25 TO SUBMIT THE REQUIRED REPORT, THERE SHALL BE LEVIED AND
26 COLLECTED A PENALTY FOR THE FAILURE IN THE AMOUNT OF FIFTY
27 DOLLARS FOR EACH DAY, OR PORTION THEREOF, DURING WHICH THE

1 FAILURE CONTINUES. ANY MONEYS AND INTEREST COLLECTED UNDER
2 THIS SUB-SUBPARAGRAPH (C) SHALL BE ADDED TO THE THIRTY PERCENT
3 OF GROSS RECEIPTS FROM THE LOCAL GOVERNMENT SEVERANCE TAX FUND
4 DISTRIBUTED TO COUNTIES OR MUNICIPALITIES IN THE MANNER
5 PRESCRIBED BY PARAGRAPH (c) OF THIS SUBSECTION (1). THE NOTICE
6 REQUIRED PURSUANT TO THIS SUB-SUBPARAGRAPH (C) SHALL BE SENT IN
7 ACCORDANCE WITH THE PROVISIONS OF SECTION 39-21-105.5, AND THE
8 PROVISIONS OF THAT SECTION SHALL OTHERWISE APPLY TO THE NOTICE.

9 ~~(e) Counties and municipalities shall utilize revenues received~~
10 ~~under this subsection (1) only for the purposes of capital expenses and~~
11 ~~general operating expenses.~~

12 ~~(f) For the purpose of this subsection (1), "related facility" means~~
13 ~~an oil shale retorting and upgrading facility.~~

14 (2.5) IN ACCORDANCE WITH THE PROVISIONS OF SECTION
15 34-63-102 (5) (b) (I), C.R.S., THE ENERGY IMPACT ASSISTANCE ADVISORY
16 COMMITTEE ESTABLISHED PURSUANT TO SAID SECTION SHALL MAKE
17 RECOMMENDATIONS TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT
18 OF LOCAL AFFAIRS REGARDING THE DISTRIBUTION OF MONEYS
19 AUTHORIZED PURSUANT TO THIS SECTION.

20 (3) The executive director of the department of local affairs shall
21 DELIVER TO THE STATE AUDITOR AND file with the general assembly
22 annually before February 1 a detailed accounting of the distribution of
23 funds for the previous year.

24 **SECTION 7. Effective date.** This act shall take effect July 1,
25 2008.

26 **SECTION 8. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.